

SCHOOLS

SCHOOL GOVERNMENTAL FUNDS

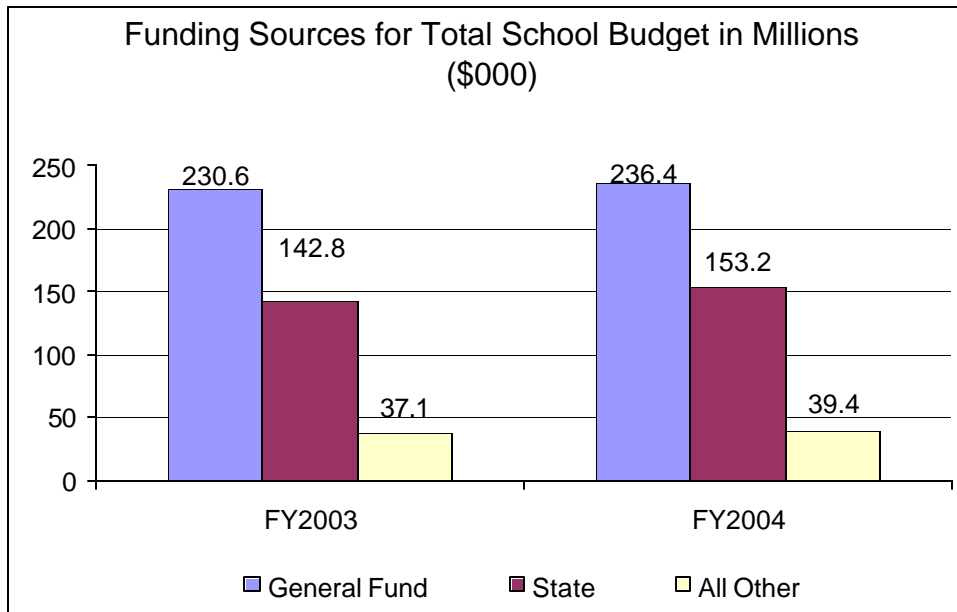
	FY2002	FY2003	FY2004	Difference
	<u>Actual</u>	<u>Adopted</u>	<u>Adopted</u>	<u>FY2003-FY2004</u>
Revenues				
Local Sources	\$3,842,520	\$3,566,000	\$3,830,200	\$264,200
State	130,881,734	140,631,200	151,067,300	10,436,100
Federal	216,288	245,000	463,200	218,200
Food Services	14,205,618	14,437,100	14,599,800	162,700
Grants	<u>13,909,044</u>	<u>17,063,500</u>	<u>19,778,400</u>	<u>2,714,900</u>
Subtotal Revenues	163,055,204	175,942,800	189,738,900	13,796,100
Transfer from School CIP	2,688,231	2,257,800	620,900	(1,636,900)
Loan Proceeds/Use of Reserves	408,313	182,200	308,200	126,000
Transfer from School Food Services	749,821	557,600	552,600	(5,000)
Transfer from General Fund:				
State Sales Tax	34,637,480	36,156,700	35,155,400	(1,001,300)
Local Taxes	<u>174,154,544</u>	<u>186,894,000</u>	<u>196,728,500</u>	<u>9,834,500</u>
Subtotal Taxes:	208,792,024	223,050,700	231,883,900	8,833,200
Prior Year Revenue	3,822,400	6,090,000	2,998,000	(3,092,000)
Grounds Maintenance	<u>1,364,200</u>	<u>1,462,200</u>	<u>1,502,400</u>	<u>40,200</u>
Subtotal Transfer from General Fund	213,978,624	230,602,900	236,384,300	5,781,400
Beginning Balance	<u>9,342,957</u>	<u>1,000,000</u>	<u>1,365,000</u>	<u>365,000</u>
Total Revenues	<u>\$390,223,152</u>	<u>\$410,543,300</u>	<u>\$428,969,900</u>	<u>\$18,426,600</u>
Expenditures				
Instruction	\$240,630,236	\$260,508,830	\$272,088,137	\$11,579,307
Admin/Attend. & Health	13,561,438	14,242,651	14,898,231	655,580
Transportation	14,256,079	16,738,359	14,959,411	(1,778,948)
Operations & Maintenance	38,348,846	39,533,735	41,577,199	2,043,464
Debt Service	37,284,663	38,301,300	39,384,800	1,083,500
Grants	14,474,302	17,063,500	19,778,400	2,714,900
Food Services	14,065,040	14,437,100	14,964,800	527,700
Grounds Maintenance	1,364,200	1,462,200	1,502,400	40,200
Ending Balance	9,753,149	1,370,525	2,345,822	975,297
Reserve for CIP	<u>6,485,200</u>	<u>6,885,100</u>	<u>7,470,700</u>	<u>585,600</u>
Total Expenditures	<u>\$390,223,152</u>	<u>\$410,543,300</u>	<u>\$428,969,900</u>	<u>\$18,426,600</u>
Enrollment	52,592	53,270	54,843	1,573
Average Daily Membership	52,337	53,110	54,678	1,568
Full Time Equivalents	6,874.7	7,137.7	7,312.9	175.2

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DESCRIPTION

The Board of Supervisors appropriates funds for the operation of the school system. It is the responsibility of the Superintendent and School Board to develop an annual budget reflecting the needs of the school divi-

sion. This budget is transmitted to the County Administrator and Board of Supervisors each year. Details of the FY2004 School Board Annual Financial Plan are available in a separate document.



Note: In the chart above the state revenues include state food service funding and state grant funds.

On April 22, 2003, the School Board approved an annual financial plan for FY2004 totaling \$421,499,200 in four funds. Additionally, the county budget includes an appropriation for the school capital improvement program reserve of \$7,470,700, bringing the total funds allocated for schools to \$428,969,900. The FY2004 total school budget represents an increase of \$18,426,600, or 4.5%, over the FY2003 adopted level as indicated in the chart above. Student membership is estimated at 54,843, an increase of 1,053 over actual September 30, 2002 membership.

State revenue (excluding state sales tax) is projected at \$151,067,300 in the school operating fund and an additional \$2,127,600 of state funds is included in the school grants and food service funds. Together this represents 35.7% of the total revenue for FY2004.

The FY2004 budget includes a General Fund transfer of \$236,384,300 which represents an increase of \$5,781,400, or 2.5%, over the FY2003 adopted level.

Of this amount, \$35,155,400 is received from the one-cent state sales and use tax returned to localities for school divisions, which is based on the school age population census. An additional \$7,470,700 of the transfer is made to the school capital improvement program reserve to be used solely for capital projects. Exclusive of sales tax, the transfer is based on a real estate tax rate of \$1.07 per \$100 of assessed value. The net tax transfer to schools is based on a methodology that compares growth in school enrollment to growth in total county population.

Last year the Chesterfield County School Board adopted a two-year budget that focused on a set of division priorities identified as the "critical few." These priorities, (1) preparing each student for success, (2) becoming the "first choice" employer, and (3) providing a safe and effective learning environment, guided our fiscal decisions for FY2003 and continue to do so for FY2004 and beyond. The Chesterfield County School Board recognizes that for long range

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planning to be successful, it must be strategic and align resources to support the mission and the “critical few” priorities. In addition the school board must act responsibly and be accountable for the results. In FY2003, successes ranging from a better than 80% pass rate at all grade levels on most SOL tests with 53 of the county’s 58 schools fully accredited, to the transportation division being rated #1 in the nation and receiving the Larsen Quality Award were achieved. The FY2004 annual financial plan underscores the commitment to long range planning while continuing to measure successes one student, one employee, and one school at a time.

The FY2003 budget was approved with more than \$28 million in additional and redirected resources with which to address priorities. However, as the fiscal uncertainty at the state level grew during the second and third quarters of 2002, school staff began to prepare for a possible reduction in the level of those resources for the current year as well as for the budget year. In August, a reduction of \$7 million was made in the current year budget by eliminating fund balance, freezing unfilled positions, cutting back on travel, reducing operating budgets in both schools and departments, and delaying the purchase of replacement buses and other vehicles. Budget development for FY2004 began at the same time and staff again assumed a reduction in state revenue. As the budget review committee quickly realized during its deliberations, continuing to fund our critical few priorities adequately would be difficult with less state resources. Fortunately, as the Governor announced his budget amendments in December, public education was spared from budget cuts and staff turned attention to the best way to allocate the higher than anticipated level of resources, both in the current year and for the FY2004 budget year.

In keeping with long range planning efforts, the priorities guiding the development of the FY2004 operating budget remain the same as for FY2003. Projected increases in local and state support total nearly \$13 million for FY2004. Another \$5.9 million in savings in the FY2003 school year will permit us to fund some one time costs, such as textbook adoptions and bus replacements originally scheduled to be funded in FY2004.

The pledge to “keep first things first” is critical for student success as the school system prepares for

more than 1,000 new students again next year. Having an adequate number of teaching staff and maintaining the current level of transportation will cost an estimated \$3.1 million in FY2004. Because the middle and high school instructional day is shorter than others in the region, this plan also provides \$2.8 million to fund a salary adjustment of 1.5% for teachers and instructional assistants to have additional instructional time with students. In addition, \$10 of the \$15 per student that was reduced from school supply budgets for the current year has been reinstated in FY2004. Services to special populations will be maintained and will address growth in those programs at an increased cost of \$652,800, including six additional English as a Second Language teaching positions and twenty additional special education aides.

Over the past several years, attracting and retaining quality staff has become perhaps the most critical objective as the school system strives to become the “first choice” employer in the region. Across the nation, it has become increasingly difficult to recruit and retain quality staff and Chesterfield Schools recognizes the importance of offering a comprehensive compensation package as well as a workplace that is most conducive to teaching and learning. With regard to total compensation, this plan includes a 2.5% salary increase for all employees as well as the school board’s continued significant contributions on behalf of its employees in the areas of healthcare and retirement. Also in the area of salary adjustments, this budget provides for a pay rate increase for summer school teachers and adjustments to bring all custodians to a 12-month contract. The 2.5% salary increase will cost an estimated \$6.6 million and the other noted adjustments total \$541,000. The increase in benefits adds another \$5.4 million, with the majority of that increase attributed to the sharply rising healthcare costs.

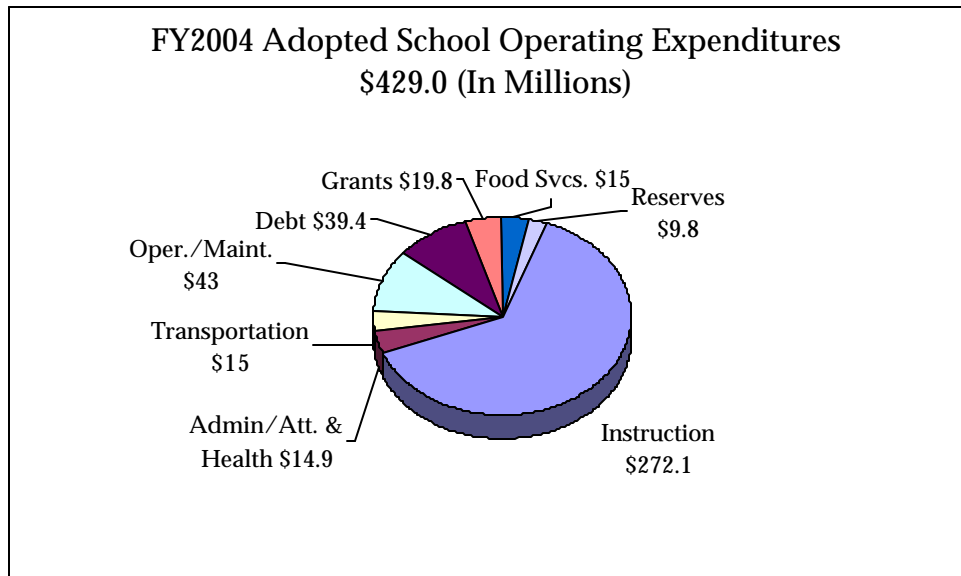
In the next two to five years, several key leadership positions will become vacant due to retirements. To provide a seamless transition, \$72,600 has been included for implementation of a succession plan. These funds will provide opportunities for principals and teachers to expand their experience by applying for specific job tasks beyond their current assignments and to be compensated for that work.

The capital improvement program, funded primarily with bond proceeds from the referendum passed in

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1996, has provided new and renovated facilities over the years but at the same time requires significant principal and interest payments. For FY2004, the increase in these payments will be \$1.084 million. The school division has an agreement to buy some of its services from the county such as accounting, purchasing, and grounds and fleet maintenance. For FY2004, the cost of these services will increase about

\$591,800. The budget also includes an additional \$830,800 to fund the high school resource officer program as well as the school crossing guard program, which were previously funded by the county. Seventeen school health nurses, also previously funded by the county, are included in this budget at a cost of \$477,600.



The school board's approved capital improvement program for FY2004 totals \$24,632,900. Funding available for the program includes \$16,369,200 of bond proceeds from the Virginia Public School Authority (VPSA), \$793,000 of state construction funds, and \$7,470,700 from the county transfer. Projects included are: Greenfield Elementary, \$4.5 million; \$6.375 million to provide major maintenance

improvements at various facilities countywide; \$950,000 in anticipated annual maintenance improvements; \$3,170,300 to continue implementation of the technology plan; \$3,250,000 for computer replacements; \$360,000 for computers at the new Matoaca High School; \$2,027,600 for the final phase of the new financial/HR system; and \$4 million for the addition to Manchester High School.

FUTURE YEAR ISSUES

The FY2005-FY2010 School Board-approved capital improvement program totals \$294.2 million and recommends funding as follows: \$2.347 million to provide major maintenance to various facilities countywide; \$12 million to continue with annual major maintenance projects; \$4 million for major maintenance school improvements; \$11.8 million for continued implementation of the technology plan; \$19.5 million for continuation of the computer replacement program; \$360,000 to finish purchasing computers for

the new Matoaca High School; \$47.9 million to build a new Clover Hill High School; \$47.9 to build a new high school in the 360 West area; \$40 million for two new elementary schools to relieve overcrowding at several sites; \$8 million for HVAC improvements at the Clover Hill Middle School; \$78.5 million for renovations and additions to numerous buildings; and \$21.831 million in planning, design, and land acquisitions.

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The anticipated issuance of \$219 million in new debt to complete these projects in conjunction with the addition of a new school facility will dictate operating budget cost increases in future years.